



Palmetto Wastewater Reclamation, LLC
Alpine and Woodland Utilities

TOWN HALL MEETING

Thursday, March 6th, 2014
Ashland United Methodist Church
2600 Ashland Road, Columbia, SC 29210
7:00 pm

Dear Alpine and Woodland Customers:

It has been several years now since we acquired Woodland and Alpine Utilities. While these two wastewater systems are similar in age, the Alpine system was plagued with constant wastewater overflows, caused by numerous breaks, cracks and corrosion within the collection system. Our initial focus and priority was to repair the failing Alpine system, the wastewater treatment plant and to minimize the numerous sewer spills.

Since that time, we have made significant improvements to the Alpine system and treatment plant and it is no longer the environmental problem that it once was. Last year Alpine customers received a rate increase that paid for most of these improvements to the system and the increased level of operations and maintenance.

During the past year we have begun to address the issues within the Woodland system and are improving both the collection system and the wastewater treatment lagoon. We are making substantial repairs, cleaning out roots and debris, and where necessary replacing entire sections of broken and compromised pipe. Many of you have noticed our utility workers in your neighborhoods and we appreciate your patience while this work is underway.

As we advised when we acquired these utilities, the increased operational costs and the cost of capital improvements require the utility to seek a rate increase to recover these costs. We expect to be filing an application in March with the Public Service Commission of South Carolina (PSC) to approve an increase in rates for wastewater service and to combine Alpine and Woodland Utilities, which are currently distinct systems with different rates.

You will be receiving a separate notice of the rate filing which describes what the proposed rate will be as well as your rights under the South Carolina rate approval process for regulated utilities. **This Town Hall Meeting is not intended to substitute for a hearing before the PSC.** It is designed to allow us to meet with you, our customer, to explain our need for rate relief in an informal setting and to answer any questions you may have about the rate application. Keep in mind, ANY change in rates requires approval from the PSC.

PWR/Ni America appreciates all of our customers. We hope you will attend the Town Hall meeting and find it to be an opportunity for an open discussion of how the utility system works and the reasons behind our need for rate relief. We look forward to seeing you there.

Sincerely,

Rick Melcher
Manager of Public Relations

Ni America, LLC *Regulated Water* and Wastewater Utilities

Emphasizing regulatory compliance
and customer service

Texas - South Carolina - Florida





South Carolina Office of Regulatory Staff

The Water and Wastewater Department of the ORS represents the public interest with regard to the regulation of rates and services of privately owned water and wastewater utilities in South Carolina.

Consumer Services

Resolve Disputes - Settle Inquiries - Get Educated

803-737-5230

800-922-1531 (toll free)

<http://www.regulatorystaff.sc.gov>



PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

WHAT IS REGULATED BY THE COMMISSION?

The Commission regulates investor-owned water and wastewater utilities, telephone utilities, electrical utilities, gas utilities, and motor vehicle carriers as defined in Title 58 of the South Carolina Code. The Seven-Member Commission essentially functions as a court with the principal duty to hear cases involving regulated utilities.

- *exclusive jurisdiction to establish fair and reasonable rates*
- *requires regulated utilities to provide adequate service and to treat all customers equitably*
- *receives formal complaints regarding regulated utilities /after ORS*

803-896-5100

<http://www.psc.sc.gov>

“Fair and Reasonable Rates”

The rate case process is designed to protect the interests of customers while at the same time allowing water utilities the opportunity to recover reasonable operating expenses and to earn a fair return on the invested capital necessary to provide reliable service to customers.

continued

- A (utility) company is not “guaranteed” any return; whether it earns an allowed return depends on how efficiently the company is run and/or whether the PSC allows recovery of reasonable operating expenses and other factors. There is no regulatory “guarantee” that a poorly run company will earn its “allowed” rate of return.
- A company is entitled to the opportunity to earn a return only on invested capital that is **prudent and reasonable** as well as **used and useful** in providing service to customers.

During the process, requests for rate increases undergo an extremely thorough examination. Rate requests are subject to tests and challenges at every step of the way.

From a White Paper written by American Water



South Carolina Department of Health and Environmental Control

We promote and protect the health of the public and the environment

Sanitary Sewer Overflows (SSO)

Blockages - Construction Activities - Pipe failures - Pump Failures Grease
Accumulation - Root Intrusion - Poor Maintenance
Inflow & Infiltration

803-898-4300

<http://www.scdhec.gov>

Permitting, SSO cleanup and notification



SOUTH CAROLINA

Palmetto Utilities, Inc. (PUI)

Palmetto Wastewater Reclamation, LLC (PWR)

Alpine Utility System

Woodland Utility System

Palmetto Richland County, LLC (PRC)



803-699-2422
1713 Woodcreek Farms Rd
Elgin, SC 29045



Alpine and Woodland

29 miles of pipe

Gravity Pipe
Force Main
Manholes
Lift Stations

144,000'
8,000'
800
8

WW Treatment	Alpine	2 MGD
WW Treatment	Woodland	288,000 GPD

CUSTOMERS / ERCs

	Alpine	Woodland
Residential	1000	420
Multi-Family	4200	450
Commercial	416/2723	1/30
Customers/ERCs	5616/8000	874/904

Customer Service/Operational Improvements

- Commitment to the Utility
- Customer Communications
- Faster Response to Service Calls and SSOs
- 24-Hour Response to Emergency Calls
- Enhanced SSO Notification Procedures
(email list includes area media outlets and other interested parties)
- Online account access and bill pay

System Improvements

- Video, clean, repair - collection system
(33,000' videoed in 2013)
- Install "Auto-Dialer" alarm/monitors
- Clear easements/right-of-way
- Inspect, repair all manholes
- Grease Trap Program (new installation and inspections for all food service establishments)

WWTP - Alpine

- Additional Clarifier, Digesters
- Install new bar screen
- Floating aeration system
- Extend and repair plant walls

Capital Cost of Improvements

Alpine

\$ 7,000,000+

(appx \$4.52MM Since last rate case)

Woodland

\$ 846,000

Woodland

- Clean and repair collection system (video, root clearing, jetting, line clearing, manhole rehab, liners)
- 2014: \$200,000 to rehab lagoon (clearing, reinforcement of berm)

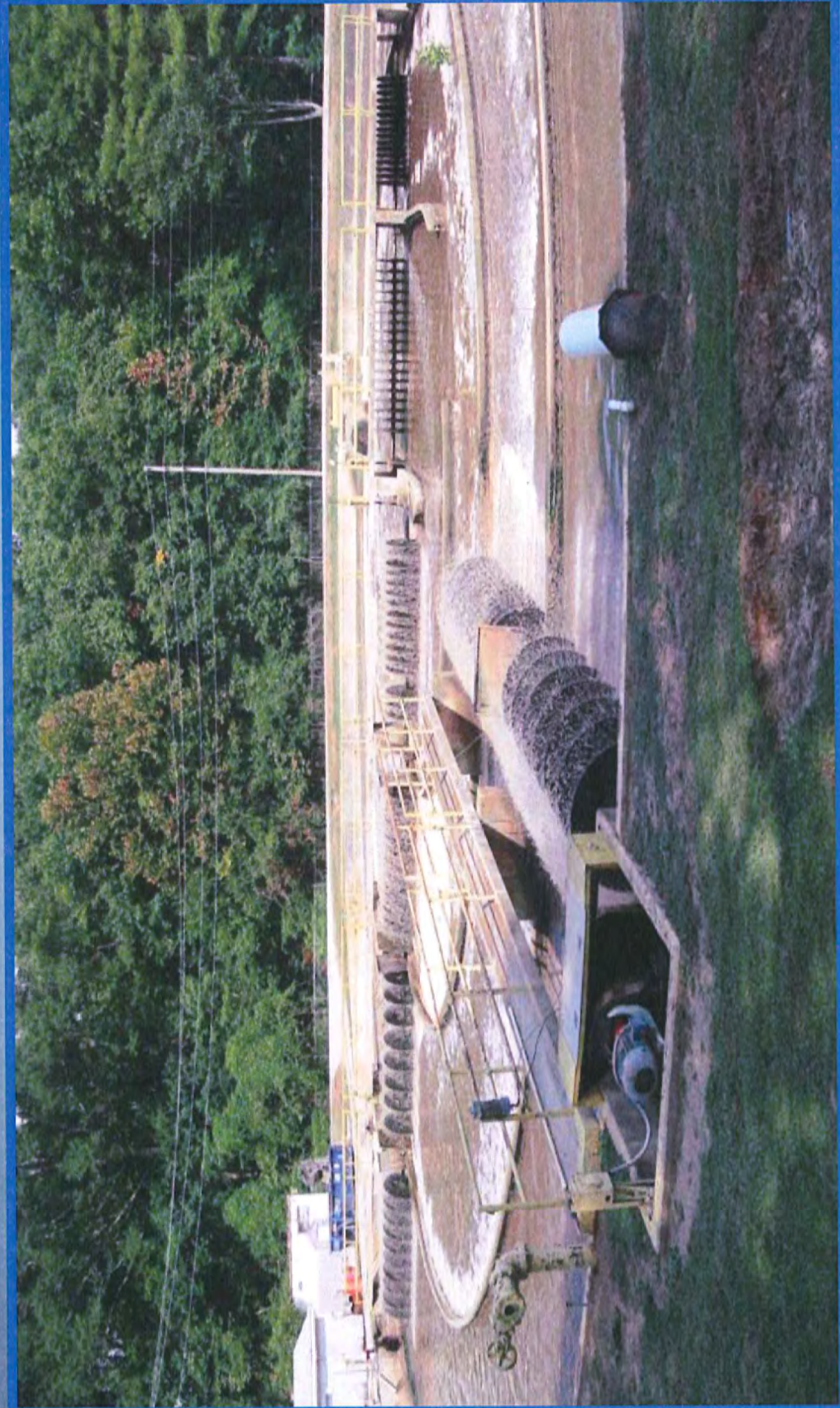
Alpine

Acquired August, 2011
27 SSOs in 2010

Woodland



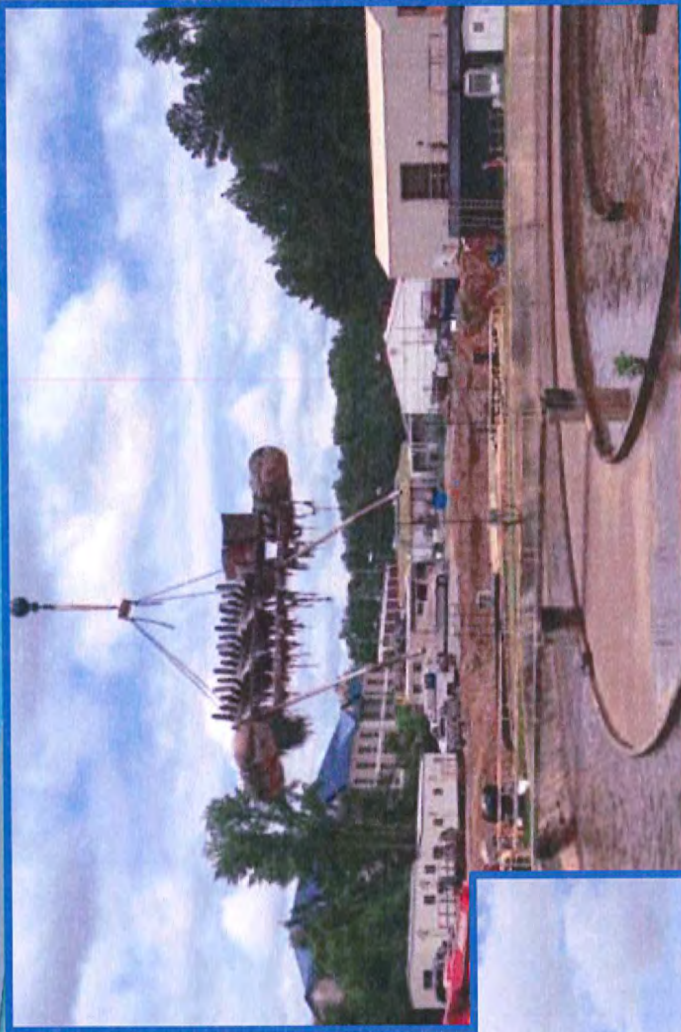
Alpine WWTP (8/1/11)



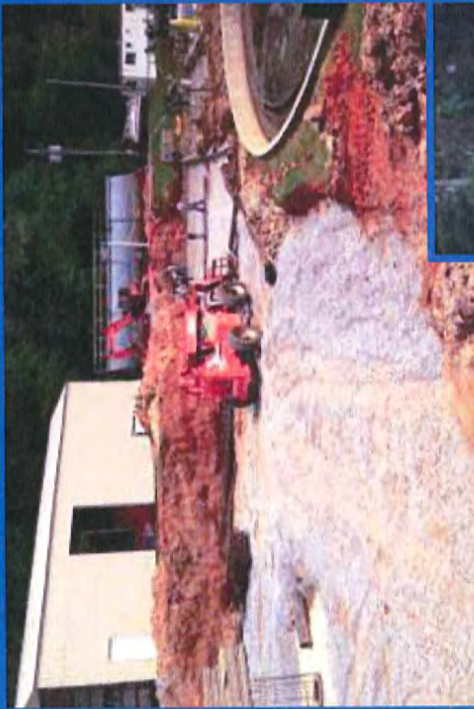
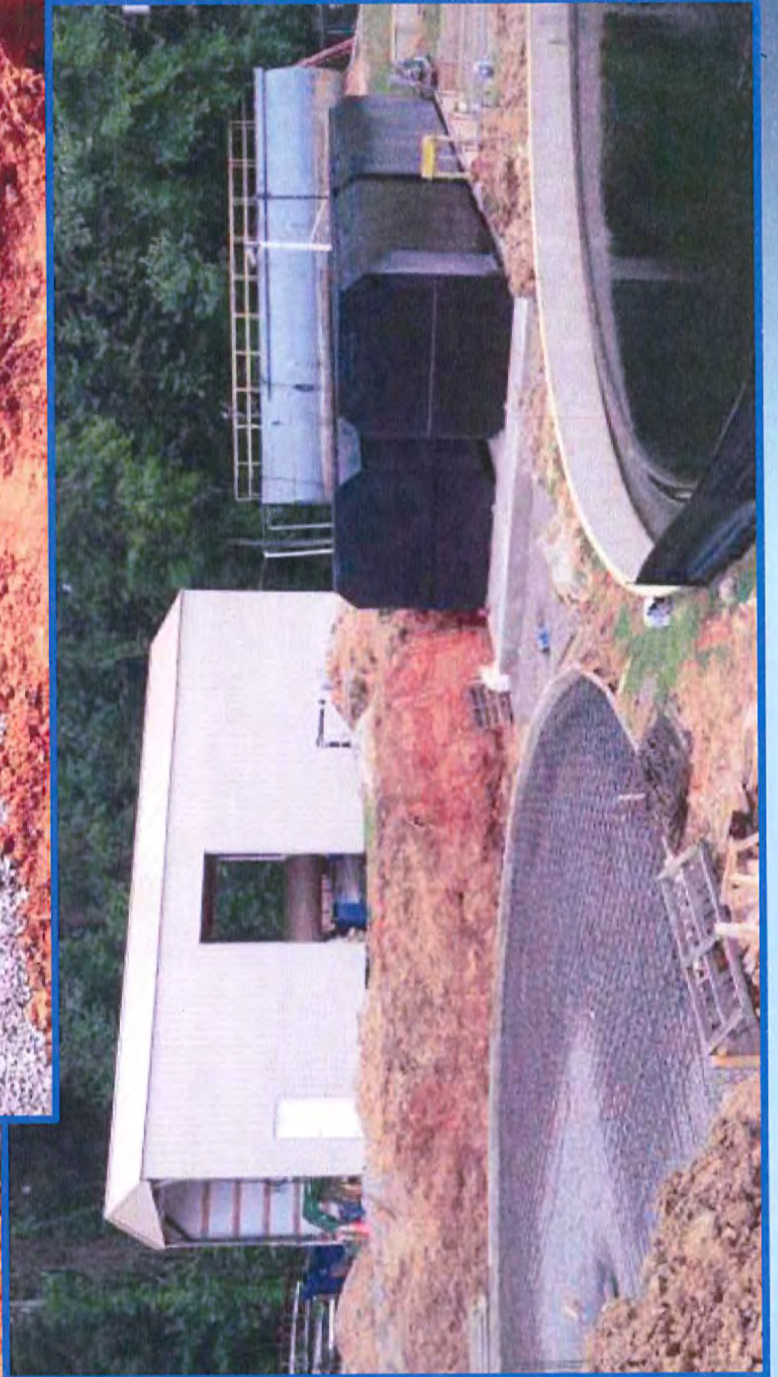
Alpine Plant (3/5/14)

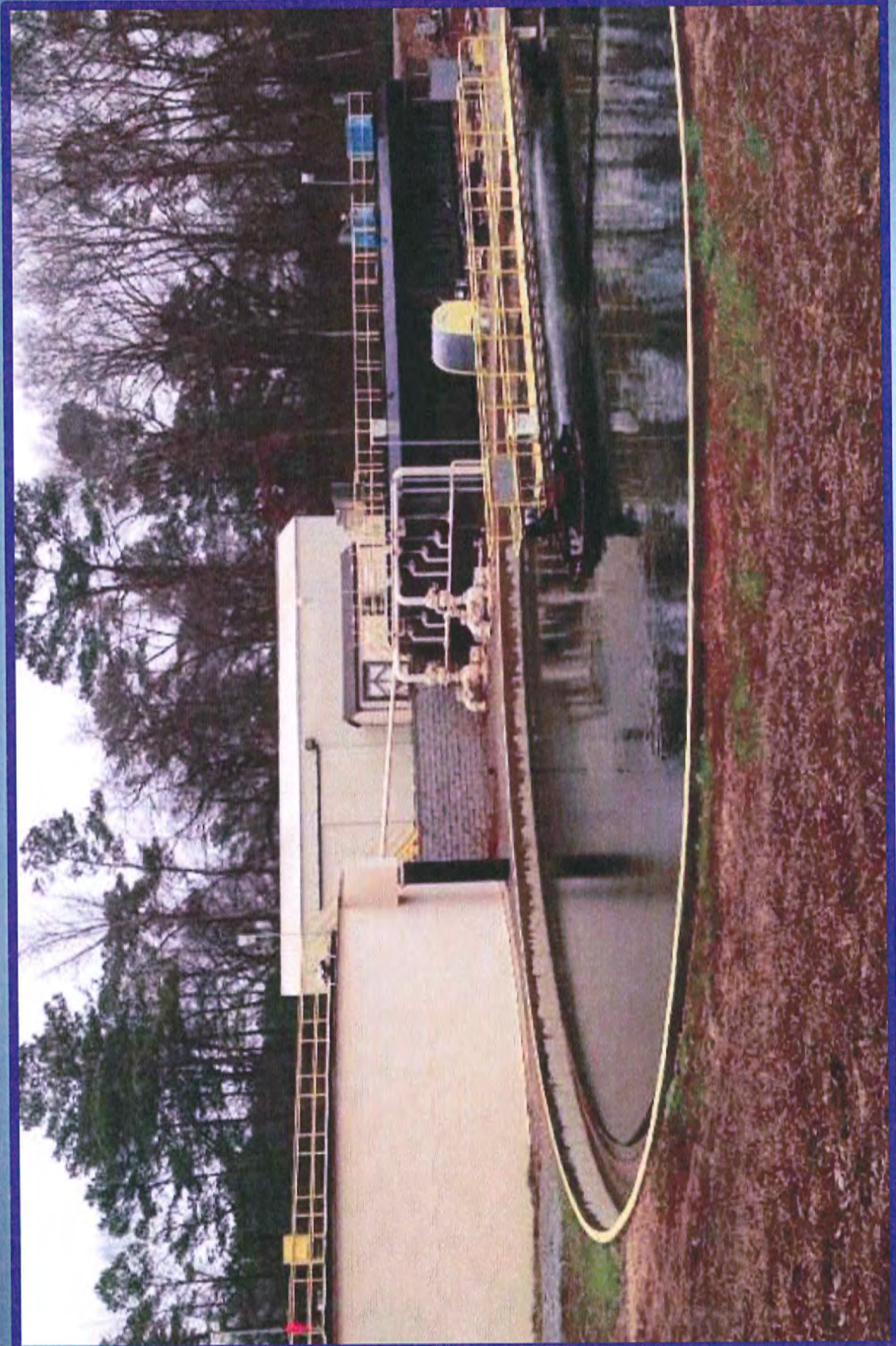


New Floating Aeration Rotors



Alpine WWTP Improvements

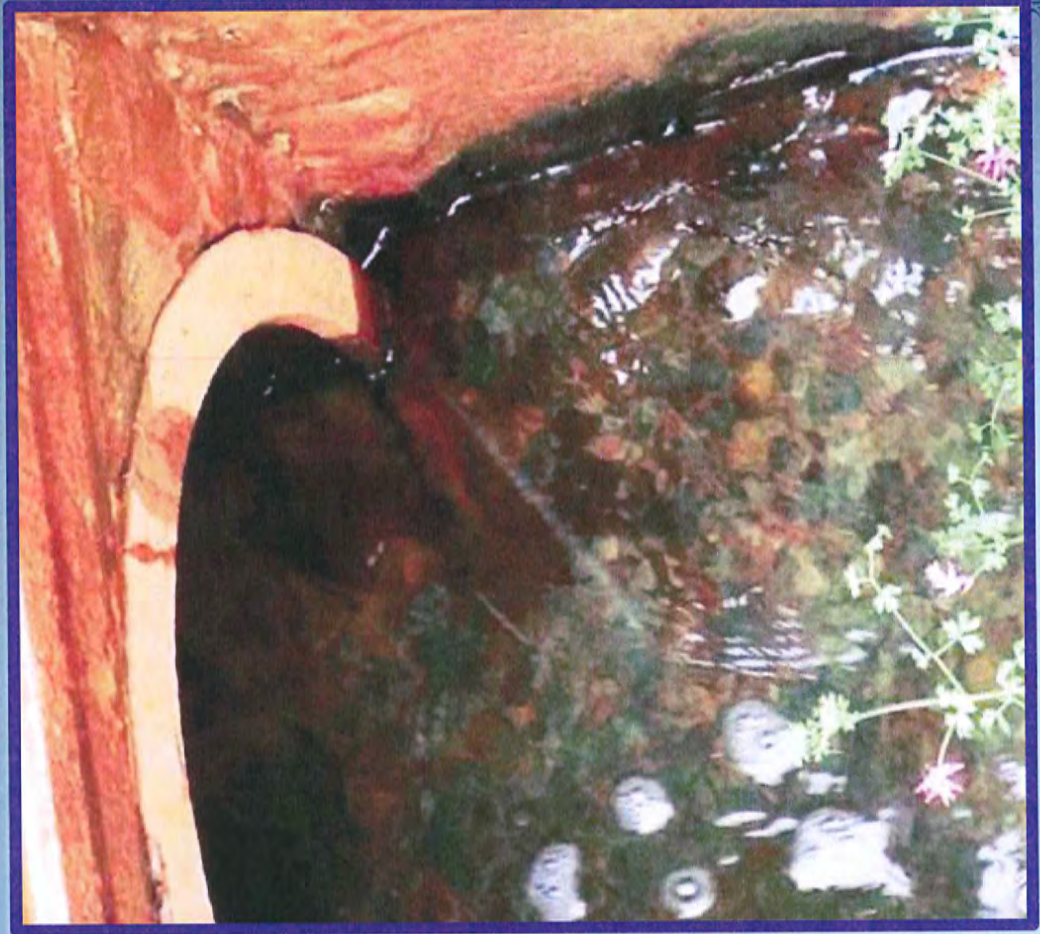




Debris



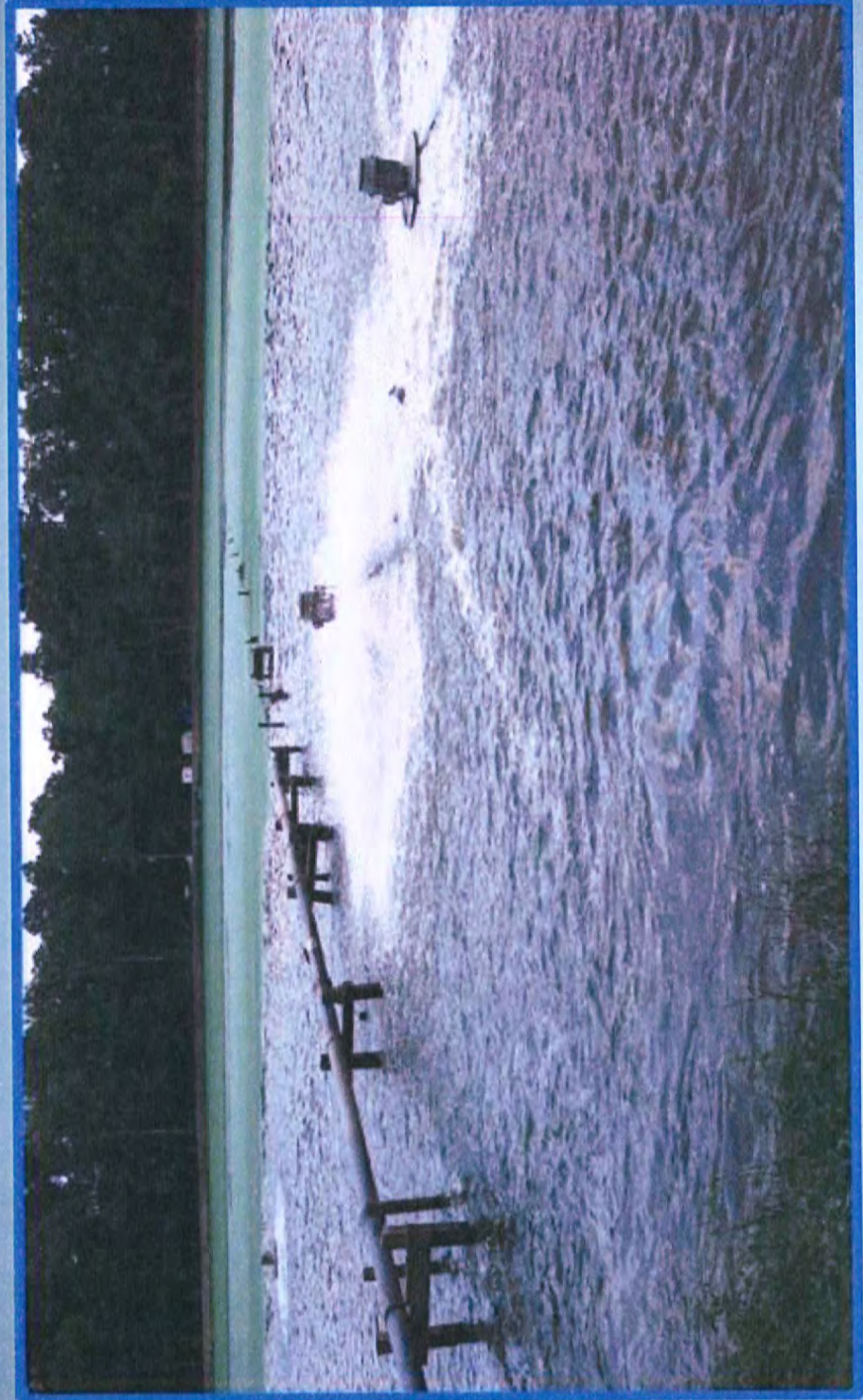
Wastewater IN and Effluent OUT



Woodland Treatment Lagoon

288,000 GPD

2011



Lagoon Improvements 2014



Additional
Blower

Perimeter
Clearing

Gravel
Surfacing

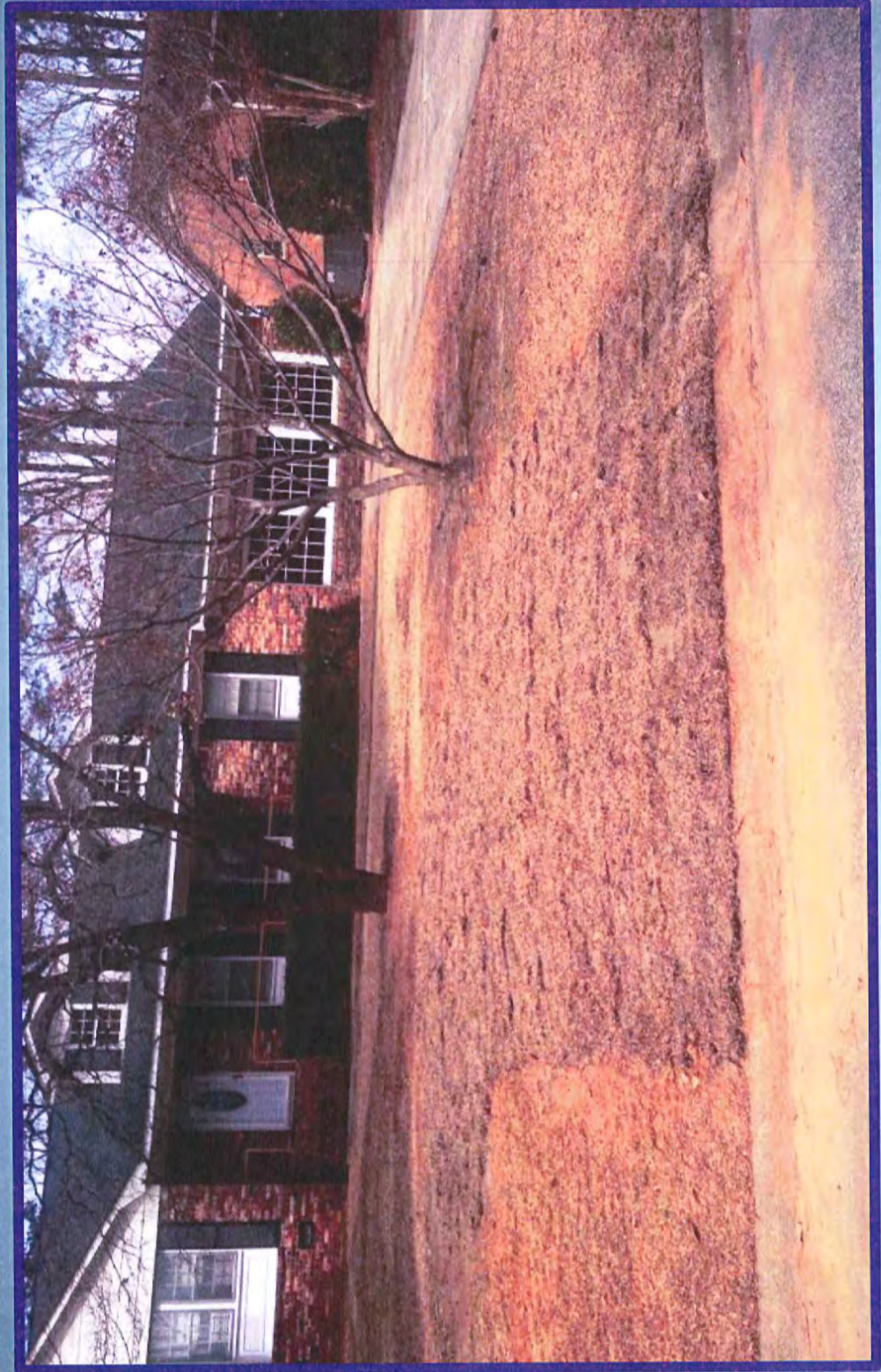
Woodland WWTP Berm Clearing



Driveway Repair



Sod Replacement



Collection System Video Camera



Steel Rod in Pipe



Broken Pipe



Collapsed Concrete Pipe

Woodland Pipe

Rolling Pines



Root Intrusion

Print Policy: 11/3/468
 Phone: 1-800-441-1119
 Fax: 1-800-441-1119
 Web Site: www.441-1119.com

Date Printed: 12/10/2008
 User Name: C:\Program Files\441-1119

Image Report

Distance: 463.3
 Code: RT1
 Location: 2 to 10
 Priority: 1
 Parameters:
 Comments: ROOTS



Distance: 470.8
 Code: LAT
 Location: 12
 Priority: 6
 Parameters:
 Comments: LATER



Distance: 481.1
 Code: RT3
 Location: 7 to 11
 Priority: 3
 Parameters:
 Comments: ROOTS



Distance: 58.7
 Code: CHP
 Location:
 Priority: 2
 Parameters:
 Comments: CHANGE IN PIPE



Distance: 58.7
 Code: RT1
 Location: 2 to 10
 Priority: 1
 Parameters:
 Comments: ROOTS



Distance: 73.8
 Code: RT1
 Location: 1 to 5
 Priority: 1
 Parameters:
 Comments: ROOTS



Root Blockage Cause of SSO



Root Removed from Manhole



Pipe Repair/Liner



Photo: 19_1A
Multiple Cracks at joint, from 12 to 12 o'clock

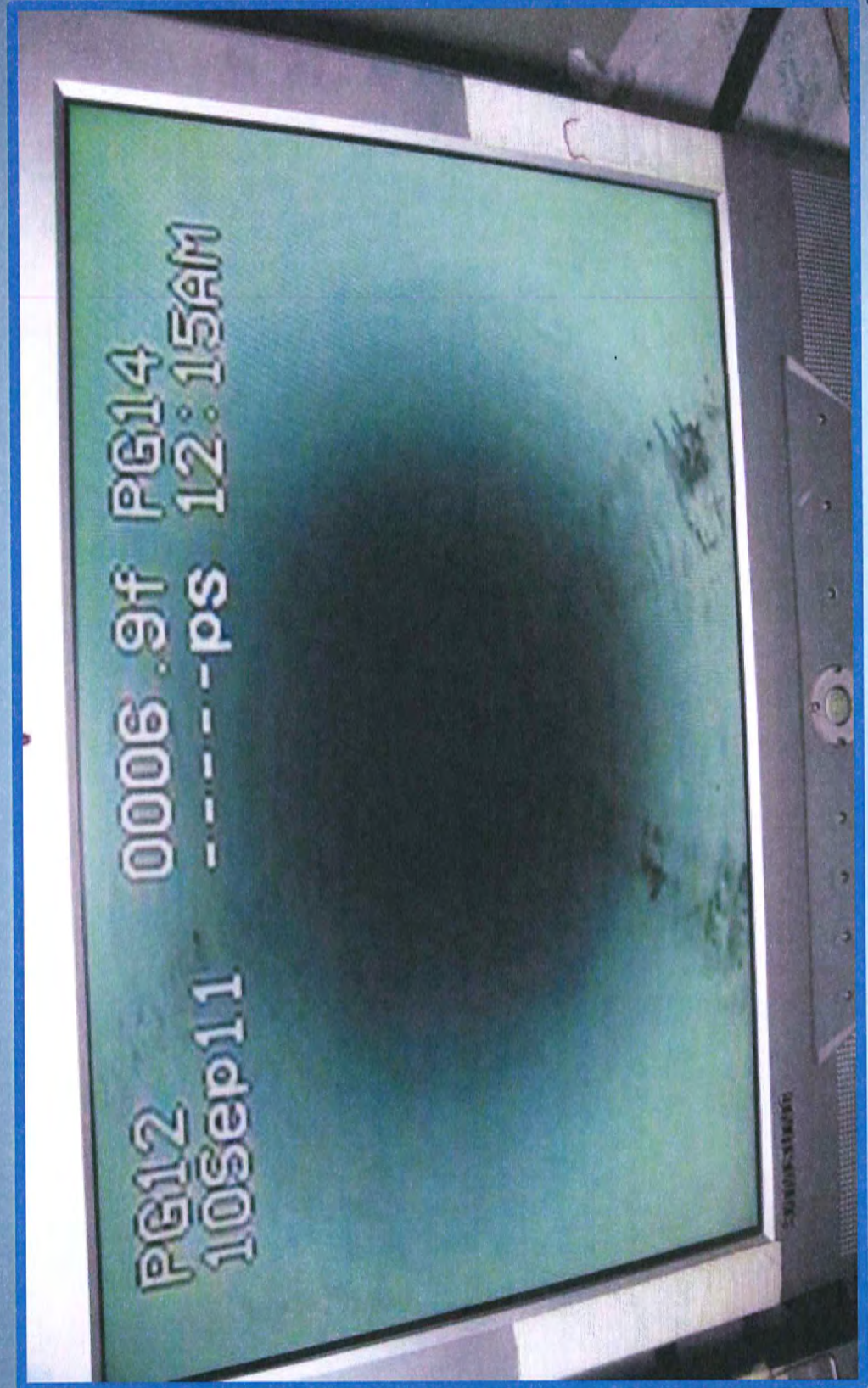


Photo: 17_1B
Multiple Cracks at joint, from 12 to 12 o'clock

Pipe Break / Repair



Pipe After Cleaning



What is the environmental problem with “FOG” (FATS, OIL, GREASE) in our sewers?

EPA’s report to congress on sewer overflows identifies grease from “restaurants, homes and industrial sources” as the most common cause of blockages (47%). Grease is problematic because it solidifies, reduces system capacity and blocks flow.*

***EPA’s Office of Water -2007**

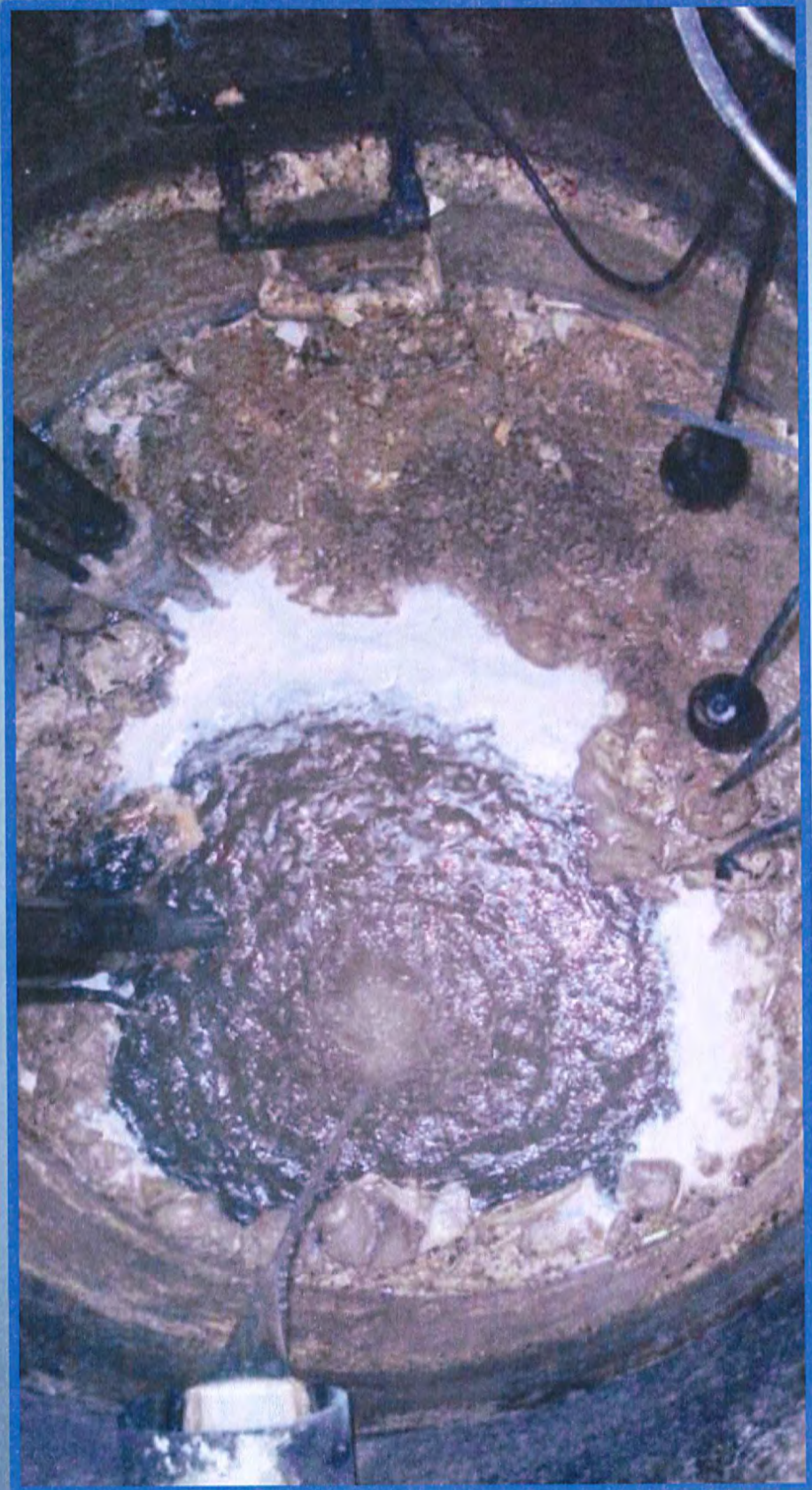
Grease Blockage at Bar Screen



Grease - Cause of Alpine SSO on 1/23/12



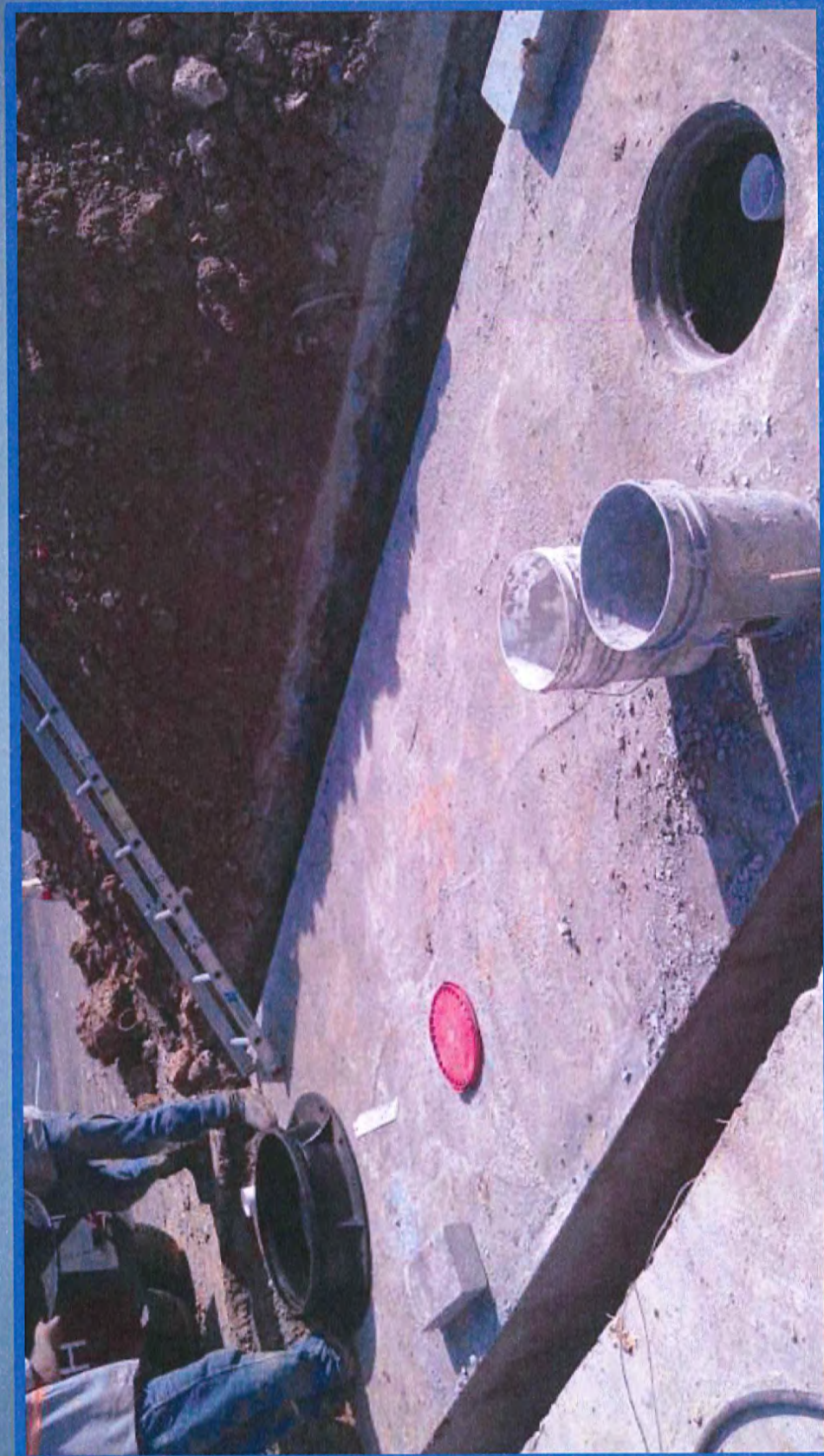
Grease Accumulation in Lift Station



Eliminating Grease From the System

1. Residential Customer Awareness (“FOG”)
2. Commercial Grease Trap Program
 - *Grease Trap Standards*
 - *Inspections*
 - *Pump outs*
 - *Compliance or Disconnection*

New Commercial Grease Trap



Catches dish-washing grease

*Special Thanks to
KJ's (IGA) Grocery on St Andrews
for their prompt installation of new
grease traps!*

Grease Traps Poor Condition



Inflow and Infiltration (I & I) “Introduction of groundwater/stormwater into the sewer system.”

Sources:

- Cracks, breaks in sewer pipes due to age, root intrusion, etc.
- Improper/illegal connection of storm water drainage to the sewer collection system



Result:

- Overloads the sewer system
- Shortens life of pumps, motors
- System can overflow into the environment
- Sewage can back up into customer residences

Treatment Plant Flood - I&I



SSO Cleanup: vacuum, flush, vacuum, disinfect



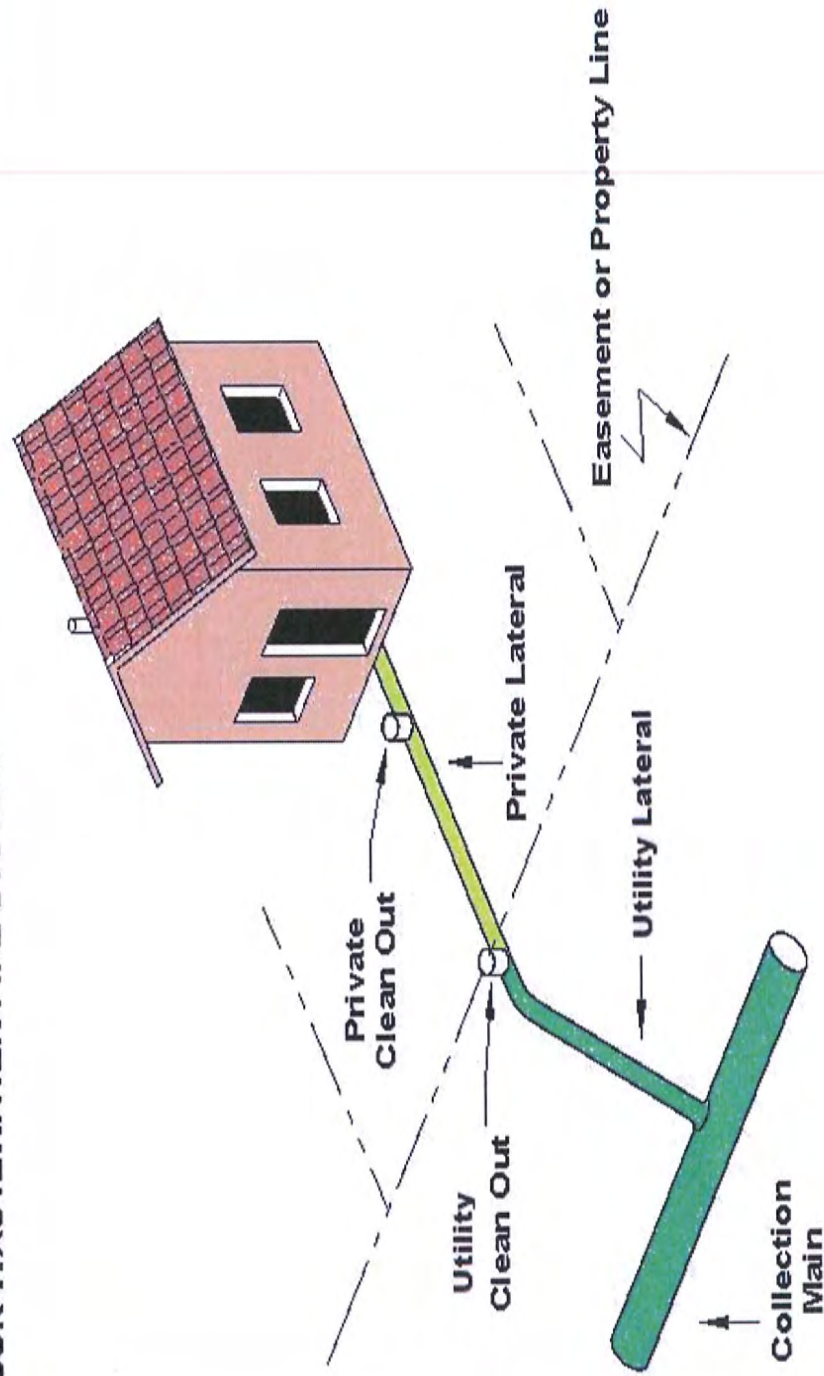
(Lime, not lye,
disinfectant)

SSO Signs



Utility / Customer Responsibility *with utility cleanout*

YOUR WASTEWATER PIPE SYSTEM



PWR Work-orders in 2013

Includes:

lift station maintenance, line cleaning, and video-taping of the underground system, line repairs, man-hole repairs, hammer-tap repairs, problems reported by customers.

Alpine	Woodland
774	167

Pipe Repair – Rolling Pines



Privately Owned Utilities (Investor Owned Utilities /IOU)

- Must meet all regulatory guidelines
- EPA surveys – small IOUs have the most violations
- EPA determined – the best future for small IOUs is to be purchased by large, responsible utility
- **IOU rates must reflect full cost of service**
- **Rates must also provide a “reasonable rate of return to ensure continued investment and compliance by private owners”**

“US Water Rates Expected To Triple”

CNN Money Report

First Published: February 27, 2012: 6:51 PM ET

- “Many consumers could see their water bills double or even triple, as the country attempts to overhaul its aging water system over the next 25 years.”
- “A new study by the American Water Works Association found that repairing and expanding the U.S. drinking water system between 2011 and 2035 will cost at least \$1 trillion, an amount that will largely be paid for by increasing household water bills.”
- “The \$1 trillion in water infrastructure costs over the next 25 years includes fixing leaky pipes, replacing pipelines and expanding water systems to accommodate growing populations.”

http://money.cnn.com/2012/02/27/pf/water_bills/index.htm?source=cnn_bin



Aging Water Infrastructure (AWI) Research

“Our nation’s water infrastructure needs an upgrade. The drinking water treatment plants and distribution lines, sewer lines, and storage facilities that we rely on for clean and safe water are aging, some to the point of deterioration and even failure.”

President Obama has called for water and wastewater infrastructure projects with an investment of \$6 billion.

<http://www.epa.gov/awi/basic.html>

The Rate Process

WHY RATES INCREASE?

- Additional investment in the utility system (repairs, replacements, improvements)
- Increases in Operations & Maintenance costs
- Continued Reasonable rate of return ensures continued investment/compliance by private utility owners

HOW Are Rates Increased?

- Application is filed with the PSC
- Utility must provide notice to customers
- ORS “represents the public interest” and conducts audit of utility records
- Expenditures must be “Used and Useful”, “Reasonable and Necessary”
- Hearing is held where customers are invited to participate
- PSC determines final rates

RATES

2011 2013 *2014 (proposed, combined)

\$16.75 \$29.00 \$33 - 38

Alpine

\$24.00 \$24.00 \$33 - 38

Woodland

Alpine -
Increase consisting of \$4-6 due
to increased costs; \$1-2 due to
ERC reallocation.

VALUE @ \$35/month

= \$1.16/day

= \$.05/hour

< 1/3 cent per gallon (12,000 gallons)

*Danny Brabham value:
“one trip every 4 hours = 9 cents/flush”*

Area Wastewater Rates Comparison

Alpine	\$ 29.00	
Woodland	24.00	
Palmetto Utility	36.00	
Average SC IOU	36.00	(range 17.50 – 82.82)
Richland County	46.54	
City of Columbia	48.16	(8,000 gal) * already gone up
(\$10.20 * base + \$4.93 * usage)		
2250 gal + ea 750 gal		
Lexington County	58.53	(8,000 gal)
(\$9.75 base + \$5.41 usage		
+ 5.50 backflow fee)		
Lexington City	53.63	(non-metered flat)
	74.70	(metered 8,000 gal)
Average Muni Rate	56.31	(8,000 gal)

RESULTS
from 27 SSOs
to 12 SSOs
to 6-8 SSOs



Important Numbers

Palmetto Customer Service 803-699-2422

*Please Report Sewer Spills Immediately!
Keep Grease and Cooking Oils OUT*

Office of Regulatory Staff 803-737-5230

Public Service Commission 803-896-5100

DHEC 803-898-4300